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MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE, MARKETING AREA

Volume 16

MAY 1972

Number 10

Released Pursuant to §1000.3 and §1090.85, USDA - AMS
Federal Order No. 90, 112 Lee Parkway Drive, Chattanooga, Tennessee 37411
J. E. Bobo, Market Administrator

MARKET SUMMARY - MAY 1972

The Chattanooga Order MINIMUM uniform producer prices per cwt. at pool plants for milk testing 3.5% butterfat are: Base Milk - \$6.26 and Excess Milk - \$4.94. The producer butterfat differential is 8.0 cents for each one-tenth of one percent above or below 3.5% test. This is a Base and Excess price increase of 9 cents and 17 cents respectively above May 1971.

In May 1972, 52.3% of producer milk received by pool plants was priced in Class I at \$7.19 per cwt. and 47.7% was priced in Class II at \$4.94 per cwt. The May butterfat differential for Class I was 8.1 cents and Class II was 7.8 cents.

Total producer milk received during May 1972 was 39,309,616 pounds which is a decrease of 2,747,991 pounds or 6.5% compared with May 1971. Deliveries of producer Base milk exceeded producer milk used in Class I by 14,652,471 pounds or percentagewise only 58.4% of Base milk was used in Class I. The May daily average deliveries from 745 producers was 1,702 pounds. This compares to 890 farms delivering a daily average of 1,524 pounds per day during May 1971.

USDA REALIGNS REGULATORY AGENCIES

Secretary of Agriculture Earl L. Butz announced on March 24 the establishment, effective April 2, of a new regulatory agency in the U. S. Department of Agriculture to be known as the Animal and Plant Health Inspection Service (APHIS) and the renaming of the Consumer and Marketing Service (C&MS) as the Agricultural Marketing Service (AMS). The AMS is the branch of the Department which has the responsibilities for regulatory programs, such as the Federal milk marketing orders, in addition to voluntary grading and inspection, market news, egg products inspection, and other commodity and marketing service.

This reorganization of regulatory and marketing services was proposed in January to enable USDA to more effectively carry out its responsibilities for animal and plant health protection, meat and poultry inspection and marketing service activities. Both the APHIS and the renamed AMS will report to Richard E. Lyng, Assistant Secretary of Agriculture for marketing and consumer services.

ADA TESTS ADVERTISING

The American Dairy Association has selected Chattanooga as one of four markets for a major test of the value of promoting the sales of Butter and Cheese, the second and third most important products in the dairy economy, ranking behind fluid milk. The purpose of the butter-cheese promotion test is to determine which of the two products responds better to promotion and at different levels of advertising. The test activities in the four markets will include advertising and sales promotion, food publicity, in-store merchandising and public relations events. USDA Research Department will supervise the 15 months test which began May 1.

J U N E D A I R Y M O N T H

J U N E D A I R Y M O N T H

COMPARISON OF MILK RECEIPTS AND UTILIZATION

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	% May '72			
	Over	May	Apr.	May
	May '71	1972	1972	1971
Number of Plants - Pool		7	7	7
- Non-Pool		14	14	13
<u>RECEIPTS POUNDS (DAILY AVERAGE)</u>				
Producer Milk	- 6.5	1,268,052	1,287,811	1,356,697
Other Source	+121.9	63,980	60,538	28,832
Other Federal Orders	+ 35.3	140,450	117,010	103,797
TOTAL MILK RECEIPTS	- 1.1	1,472,482	1,465,359	1,489,326
<u>UTILIZATION POUNDS (DAILY AVERAGE)</u>				
<u>Class I Uses</u>				
Homo Milk	+ 5.9	436,634	439,023	412,256
Skim	- 0.2	21,051	21,717	21,098
2% Milk	+ 15.3	135,429	138,234	117,418
Buttermilk	+ 5.9	57,456	57,909	54,252
Flavored Milk and Drink	+ 32.3	21,528	20,692	16,275
Creams (Sweet and Sour)	+ 12.4	3,804	3,638	3,383
Yogurt	+ 13.5	798	812	703
Sub-Total - Pkg. Products (Pool Plants)	+ 8.2	676,700	682,025	625,385
Other (Shrinkage, Inventory, etc)		2,982	2,704	3,766
Sales to Non-Pool Plants		26,195	34,878	135,708
In-Area Sales by Non-Pool Plants	+ 10.1	50,022	46,106	45,443
TOTAL CLASS I MILK	- 6.7	755,899	765,713	810,302
<u>Class II Uses - Pool Plants</u>				
Ice Cream Mixes	+ 18.8	66,023	58,255	55,567
Cottage Cheese	+ 4.0	49,291	47,463	47,383
Powdered and Condensed Milk		39,860	19,883	41,921
Livestock Feed and Milk Dumped		10,262	7,840	9,080
Sub-Total - Used to Produce	+ 7.5	165,436	133,441	153,951
Shrinkage Class II		16,679	16,363	16,809
Other (Inventory Variation, etc.)		(24,570)	47,274	8,500
Bulk Sales to Non-Pool Plants		559,039	502,568	499,764
TOTAL CLASS II MILK	+ 5.5	716,584	699,646	679,024
Class I Pkg. Lbs. In Area - Pool Plants	+ 5.1	502,235	507,197	477,874
Class I Pkg. Lbs. Out of Area-Pool Plants	+ 18.3	174,465	174,828	147,511
Class I Pkg. Lbs. In Area - Non-Pool Plants	+ 10.1	50,022	46,106	45,443
% Producer Milk of Gross Class I		167.8	168.2	167.4
% Producer Milk Priced in Class I		52.3	52.6	55.4

CLASS I DAILY AVERAGE POUNDS ON ROUTES IN THE MARKETING AREA
BY OTHER ORDER PLANTS AND PARTIALLY REGULATED DISTRIBUTING PLANTS

	% '72/'71	May 1972	Apr. 1972	May 1971
Homo Milk	+ 6.3	37,663	34,308	35,434
Skim	- 0.4	276	318	277
2% Milk	+32.3	6,667	6,568	5,038
Buttermilk	- 3.6	3,182	2,988	3,300
Flavored Milk & Drink	+63.0	2,186	1,880	1,341
Creams (Sweet & Sour)	- 9.4	48	44	53
Total Daily Average Disposition	+10.1	50,022	46,106	45,443
Number of partially regulated plants		2	2	1
Number of other order plants		12	12	12
Total Non-Pool plants		14	14	13

COMPUTATION OF PRODUCER UNIFORM BASE AND EXCESS PRICES
AND WEIGHTED AVERAGE PRICE

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May 1972	Class %	Milk Pounds	Butterfat Test - %	Cwt. Price @ Test	Gross Value
Gross Class I		23,432,860	3.131		
Less Other Source		2,866,127	2.480		
Producer Milk Class I	52.3	20,566,733	3.221630	\$6.964520	\$1,432,374.23
Gross Class II		22,214,092	3.958		
Less Other Source		3,471,209	2.871		
Producer Milk Class II	47.7	18,742,883	4.159088	5.454089	1,022,253.52
TOTAL PRODUCER MILK (Cl. I + Cl. II)	100.0	39,309,616	3.668611		\$2,454,627.75
Add Fractional Adjustment					.03
Add Value of Overage					59.32
Add Value of Class I Other Source and Producer Location Adjustment					5,905.89
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					15,241.91
TOTAL VALUE AT TEST		39,309,616	3.668611	\$6.298293	\$2,475,834.90
Less Test over 3.5% @ 8.0¢ per point		39,309,616	.168611	0.134889	53,024.35
TOTAL UTILIZATION VALUE AT 3.5%		39,309,616	3.5	\$6.163404	\$2,422,810.55
Less Reserve per \$1090.71 (f)		39,309,616		.043404	-
WEIGHTED AVERAGE PRICE - 3.5% TEST		39,309,616	3.5	\$6.12	-
Allocated to Class I @ Wt. Av. Price		-			-
TOTAL PRODUCER MILK VALUE @ 3.5% TEST		39,309,616			\$2,422,810.55

BASE AND EXCESS PRICES

	Milk Pounds	Cwt. Price @ Test	Amount	
TOTAL PRODUCER MILK VALUE @ 3.5% TEST	39,309,616			\$2,422,810.55
Excess Producer Milk Used in Class I	-			
Excess Producer Milk Used in Class II	4,090,412	\$4.94	\$202,066.35	
UNIFORM EXCESS PRICE - 3.5% TEST	4,090,412	4.94		202,066.35
Total Value of Base Milk	35,219,204	6.305492		\$2,220,744.20
Less Producer-Settlement Fund Reserve	35,219,204	.045492		16,021.92
UNIFORM BASE PRICE - 3.5% TEST	35,219,204	\$6.26		\$2,204,722.28

MAY 1972 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANTS
BUTTERFAT DIFFERENTIAL 8.0¢ PER POINT (EXCLUDES PREMIUMS)

TEST-%	BASE	EXCESS	TEST-%	BASE	EXCESS	TEST-%	BASE	EXCESS
3.0	\$5.86	\$4.54	4.0	\$6.66	\$5.34	5.0	\$7.46	\$6.14
3.05	5.90	4.58	4.05	6.70	5.38	5.05	7.50	6.18
3.1	5.94	4.62	4.1	6.74	5.42	5.1	7.54	6.22
3.15	5.98	4.66	4.15	6.78	5.46	5.15	7.58	6.26
3.2	6.02	4.70	4.2	6.82	5.50	5.2	7.62	6.30
3.25	6.06	4.74	4.25	6.86	5.54	5.25	7.66	6.34
3.3	6.10	4.78	4.3	6.90	5.58	5.3	7.70	6.38
3.35	6.14	4.82	4.35	6.94	5.62	5.35	7.74	6.42
3.4	6.18	4.86	4.4	6.98	5.66	5.4	7.78	6.46
3.45	6.22	4.90	4.45	7.02	5.70	5.45	7.82	6.50
3.5	6.26	4.94	4.5	7.06	5.74	5.5	7.86	6.54
3.55	6.30	4.98	4.55	7.10	5.78	5.55	7.90	6.58
3.6	6.34	5.02	4.6	7.14	5.82	5.6	7.94	6.62
3.65	6.38	5.06	4.65	7.18	5.86	5.65	7.98	6.66
3.7	6.42	5.10	4.7	7.22	5.90	5.7	8.02	6.70
3.75	6.46	5.14	4.75	7.26	5.94	5.75	8.06	6.74
3.8	6.50	5.18	4.8	7.30	5.98	5.8	8.10	6.78
3.85	6.54	5.22	4.85	7.34	6.02	5.85	8.14	6.82
3.9	6.58	5.26	4.9	7.38	6.06	5.9	8.18	6.86
3.95	6.62	5.30	4.95	7.42	6.10	5.95	8.22	6.90

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT TEST)

Date	PRODUCER UNIFORM PRICES 1/				HANDLER CLASS PRICES 1/			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf. Dif.	Cwt.	Bf. Dif.	Cwt.	Bf. Dif.
May '71	\$5.97 2/	\$6.17	\$4.77	8.0¢	\$6.98	8.1¢	\$4.77	7.8¢
June	5.95 2/	6.09	4.76	8.0	6.92	8.1	4.76	7.8
July	5.95 2/	6.09	4.77	8.0	6.91	8.1	4.77	7.8
Aug.	5.92	-	-	8.0	6.92	8.1	4.77	7.8
Sept.	6.30	-	-	8.0	6.92	8.1	4.83	7.8
Oct.	6.35	-	-	8.0	6.98	8.2	4.82	7.8
Nov.	6.25	-	-	8.0	6.97	8.2	4.84	7.8
Dec.	6.20	-	-	8.0	6.99	8.2	4.93	7.8
Jan. '72	6.22	-	-	8.0	7.08	8.2	4.97	7.8
Feb.	6.20	-	-	8.0	7.08	8.1	4.97	7.8
Mar.	6.23 2/	6.35	5.04	8.0	7.12	8.1	5.04	7.8
Apr.	6.10 2/	6.25	4.96	8.0	7.12	8.1	4.96	7.8
May	6.12 2/	6.26	4.94	8.0	7.19	8.1	4.94	7.8
June	-	-	-	-	7.11	8.1	-	-
July	-	-	-	-	7.09	-	-	-

Date	PRICE QUOTATIONS			PRODUCER MILK USE (Daily Average)			
	Chi. 92° Butter ¢ Lb.	Chi. Area Powder ¢ Lb.	Minn/Wisc Mfg. Milk Cwt-3.5%	Class I		Class II	
				Pounds	Test-%	Pounds	Test-%
May '71	67.78	31.57	\$4.77	751,952	3.18	604,745	4.25
June	67.78	31.55	4.76	696,375	3.19	545,571	4.27
July	67.78	31.63	4.77	693,356	3.22	543,645	4.25
Aug.	67.78	31.53	4.77	632,385	3.22	510,832	4.28
Sept.	68.13	31.63	4.83	872,513	3.28	336,032	4.84
Oct.	67.95	31.70	4.82	844,555	3.25	341,121	5.26
Nov.	67.94	31.61	4.84	795,557	3.28	407,740	5.22
Dec.	67.96	31.63	4.93	746,539	3.28	462,124	5.19
Jan. '72	67.79	31.31	4.97	736,232	3.25	488,801	5.16
Feb.	67.78	31.41	4.97	717,023	3.23	512,306	5.07
Mar.	67.78	31.44	5.04	715,940	3.18	524,310	4.79
Apr.	67.71	31.46	4.96	677,865	3.14	609,946	4.45
May	67.71	31.36	4.94	663,443	3.22	604,609	4.16

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLERS GROSS MILK 3/				PRODUCER DATA				
	No.	Total	Class I	Pool	No.	Total	Base	Average	Av. Per.
	Hdlers	Receipts	Use	Plants	Prod.	Delivery	Delivery	Test-%	Farm
May '71	20	1,489,326	810,302	7	890	1,356,697	1,167,808	3.66	1,524
June	20	1,346,798	746,820	7	886	1,241,946	1,117,489	3.67	1,402
July	21	1,372,089	791,680	8	905	1,237,001	1,109,761	3.67	1,367
Aug.	20	1,286,252	724,933	7	792	1,143,217	-	3.69	1,443
Sept.	20	1,356,381	967,949	7	789	1,208,545	-	3.71	1,532
Oct.	20	1,334,666	943,324	7	789	1,185,676	-	3.83	1,503
Nov.	20	1,366,329	899,192	7	767	1,203,297	-	3.94	1,569
Dec.	21	1,376,893	838,001	7	767	1,208,663	-	4.01	1,576
Jan. '72	21	1,395,476	827,841	7	765	1,225,033	-	4.01	1,601
Feb.	21	1,396,971	811,826	7	761	1,229,329	-	4.00	1,615
Mar.	21	1,416,663	804,428	6	754	1,240,250	1,129,789	3.86	1,645
Apr.	21	1,465,359	765,713	7	749	1,287,811	1,148,033	3.76	1,719
May	21	1,472,482	755,899	7	745	1,268,052	1,136,103	3.67	1,702

1/ Excludes Premiums

2/ Weighted Average Price

3/ Other Source is Gross minus Producer; Class II is Receipts minus Class I